



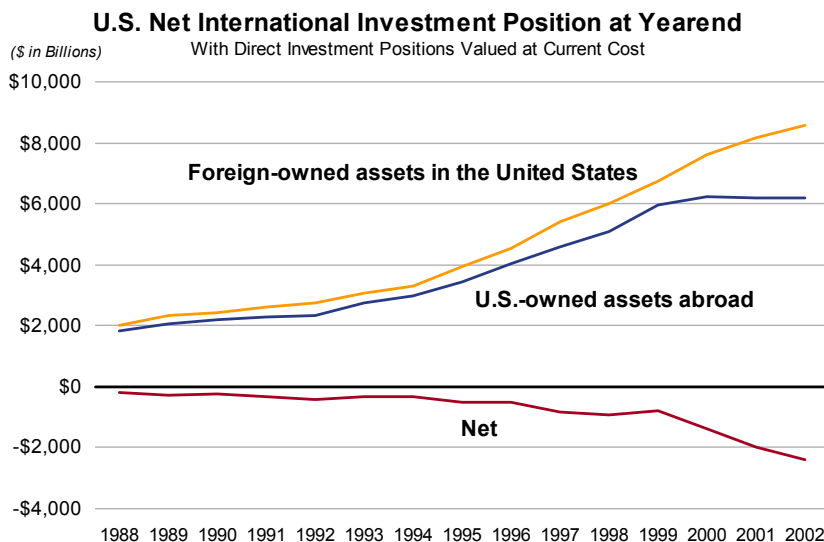
MONDAY June 30, 2003

U.S. NET LIABILITIES TO FOREIGNERS RISE IN 2002

2002 Yearend U.S. Net International Investment Position

The value of foreign investments in the U.S. exceeded the value of U.S. investments abroad in 2002, according to estimates released by the U.S. Bureau of Economic Analysis.

The U.S. net international investment position reached a negative \$2,387.2 billion in 2002. The value of U.S. investments abroad rose \$1.8 billion to \$6,189.2 billion, and the value of foreign investments in the U.S. grew \$409.1 billion to \$8,576.4 billion.



The U.S. net liability position increased \$407.3 billion from yearend 2001 to yearend 2002. The increase was largely due to financial flows, which were much lower for U.S. investments abroad than for foreign investments in the United States. In addition, price depreciation was larger on U.S. holdings abroad than on foreign holdings in the United States.

- Foreign purchases of U.S. securities reflected ongoing strength in foreign demand for U.S. corporate bonds and a sharp rebound in foreign demand for U.S. Treasury securities after three years of sales.
- For the first time, U.S. investors sold more foreign securities than they purchased as a falloff in purchases of foreign stocks was augmented by a rise in sales of foreign bonds.
- Global stock prices plummeted in 2002, resulting in sharper price depreciation in the value of U.S. holdings of foreign stocks than in the value of foreign holdings of U.S. stocks.

The rise in the U.S. net liability position was slowed by an appreciation of most foreign currencies against the U.S. dollar, which boosted the value of U.S. foreign-currency-denominated assets abroad.

BEA's data—including GDP, personal income, the balance of payments, foreign direct investment, the input-output accounts, and economic data for states, local areas, and industries—are available on its Web site: <www.bea.gov>.

NOTE: Estimates in this release reflect data with direct investment positions valued at current cost. The current-cost method values the U.S. and foreign parents' share of their affiliates' investment in plant and equipment using the current cost of capital equipment, in land using general price indexes, and in inventories using estimates of their replacement cost. The next release is June 30, 2004.